

AMENDED IN SENATE APRIL 7, 2003

SENATE BILL

No. 237

Introduced by Senator Florez

February 14, 2003

An act to amend Sections 4453.5 and 5753 of the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

SB 237, as amended, Florez. Vehicles: transfer of legal ownership.
~~Existing~~

(1) *Existing* law provides that it is unlawful for any person to fail or neglect to properly endorse, date, and deliver the certificate of ownership of a vehicle to a transferee who is lawfully entitled to a transfer of vehicle registration.

This bill would require a ~~lienholder~~ *legal owner* to ~~cause delivery of mail, transmit, or deliver~~ the certificate of ownership, within ~~10~~ *15 business days* ~~of after receipt of payment in full for the~~ satisfaction of a security interest ~~and specified documents~~, to a transferee who, due to the satisfaction of a security interest, is entitled to a transfer of legal ownership. If a lease provides a lessee with the option to purchase the leased vehicle, the bill would require the lessor, within ~~10~~ *15 business days* ~~of after receiving payment in full for the purchase; and all required documents, to cause delivery of mail, transmit, or deliver~~ the certificate to the transferee who, due to purchase of the vehicle, is lawfully entitled to transfer of legal ownership. The bill would require a ~~lienholder~~ *legal owner* or lessor who fails to transfer the certificate of ownership within that ~~10-day~~ *15-day* period to pay \$25 per day to the transferee for each day ~~the following the 10-day period that no payment is made the mailing, transmittal, or delivery requirements remain unsatisfied~~, not

to exceed \$2,500. The bill would treble the amount if the ~~lienholder~~ *legal owner* or lessor fails to pay the required amount within 60 days of written demand and would entitle the transferee to costs and reasonable attorney fees incurred in any *court* action brought to collect the payment.

By changing the definition of a crime, this bill would impose a state-mandated local program.

~~The~~

(2) *The* California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 4453.5 of the Vehicle Code is amended
2 to read:

3 4453.5. (a) In the case of leased vehicles, the lessor and the
4 lessee shall be shown on the registration card as the owner and the
5 lessee of a vehicle, and the department shall designate their
6 relationships upon the card and the ownership certificate by the
7 words “lessor” and “lessee” and, at the election of the lessor, the
8 department may designate thereon either the address of the lessor
9 or the lessee.

10 (b) Transfers of ownership involving vehicles registered as
11 provided in subdivision (a) shall only be effected upon the
12 signature release of the lessor.

13 (c) The lessor shall provide the address, or the name and
14 address, of the lessee on a form prescribed by the department in all
15 cases where the information is not on the registration card and
16 ownership certificate. Information received under this subdivision
17 shall be used only for law enforcement and shall be available only
18 to law enforcement officials at their request.

19 (d) A lessor ~~shall~~, upon written request of the lessee or, if
20 designated in writing, the lessee’s designee, *shall* disclose any
21 pertinent information regarding the amount of payment *and the*

documents necessary to exercise any option held by the lessee to purchase the leased vehicle.

SEC. 2. Section 5753 of the Vehicle Code is amended to read:

5753. (a) It is unlawful for any person to fail or neglect properly to endorse, date, and deliver the certificate of ownership and, when having possession, to deliver the registration card to a transferee who is lawfully entitled to a transfer of registration.

(b) Except when the certificate of ownership is demanded in writing by a purchaser, a vehicle dealer licensed under this code shall satisfy the delivery requirement of this section by submitting appropriate documents and fees to the department for transfer of registration in accordance with Sections 5906 and 4456 of this code and rules and regulations promulgated thereunder.

~~(c) (1) Within 10 days after receipt of satisfaction of a security interest, a lienholder shall cause the vehicle's certificate of ownership to be delivered to the transferee who, due to satisfaction~~

(c) (1) Within 15 business days after receiving payment in full for the satisfaction of a security interest and a written instrument signed by the grantor of the security interest designating the transferee and authorizing release of the legal owner's interest, the legal owner shall release its security interest and mail, transmit, or deliver the vehicle's certificate of ownership to the transferee who, due to satisfaction of the security interest, is lawfully entitled to the transfer of legal ownership.

(2) If a lease provides a lessee with the option to purchase the leased vehicle, within 10 days after receiving payment in full for the purchase, and all required documents, the lessor shall cause the vehicle's certificate of ownership to be delivered to the leased vehicle, within 15 business days after receiving payment in full for the purchase, and all documents necessary to effect the transfer, the lessor shall mail, transmit, or deliver the vehicle's certificate of ownership to the transferee, who, due to purchase of the vehicle, is lawfully entitled to the transfer of legal ownership.

(d) The certificate of ownership delivered pursuant to subdivision (c) shall be signed by the ~~lienholder~~ legal owner or lessor to reflect release of the ~~lienholder's~~ or legal owner's interest or transfer of the lessor's interest in the vehicle or accompanied by a form provided by the department to accomplish the same result and signed by the ~~lienholder~~ legal owner or lessor. If the ~~lienholder~~ legal owner or lessor is not in possession or control of the

1 certificate of ownership, the ~~lienholder~~ *legal owner* or lessor shall,
2 within the time provided in subdivision (c) for *the mailing,*
3 *transmittal, or* delivery of the certificate of ownership, take any
4 action required by the department to release the ~~lienholder's or~~
5 *legal owner's security interest or transfer the* lessor's interest in the
6 vehicle and within that time shall ~~cause mail, transmit, or deliver~~
7 written notice of its taking that action to ~~be delivered to the~~
8 transferee.

9 (e) A ~~lienholder~~ *legal owner* or lessor that fails to satisfy the
10 requirements of subdivisions (c) and (d), shall, without offset or
11 reduction, pay the transferee twenty-five dollars (\$25) per day for
12 each day that the requirements of subdivisions (c) and (d) remain
13 unsatisfied, not to exceed a maximum payment of two thousand
14 five hundred dollars (\$2,500). If the ~~lienholder~~ *legal owner* or
15 lessor fails to pay this amount within 60 days following written
16 demand by the transferee, the amount shall be trebled, not to
17 exceed a maximum payment of seven thousand five hundred
18 dollars (\$7,500), and the ~~person entitled to receive this payment~~
19 ~~shall be entitled to costs and~~ *transferee shall be entitled to costs*
20 *and* reasonable attorneys fees incurred in any *court* action brought
21 to collect the payment. The right to recover ~~such~~ *these* payments
22 is cumulative with and is not in substitution or derogation of any
23 remedy otherwise available at law or equity.

24 (f) A ~~lienholder~~ *legal owner*, upon written request of the
25 transferee, shall disclose any pertinent information regarding *the*
26 *amount of payment and the documents necessary to release the*
27 obligation secured by the ~~lienholder's~~ *legal owner's* interest.

28 SEC. 3. No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 the only costs that may be incurred by a local agency or school
31 district will be incurred because this act creates a new crime or
32 infraction, eliminates a crime or infraction, or changes the penalty
33 for a crime or infraction, within the meaning of Section 17556 of
34 the Government Code, or changes the definition of a crime within
35 the meaning of Section 6 of Article XIII B of the California
36 Constitution.